Western Home Center Show issue
• Garage doors & openers on upswing—p[illegible]

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National
Home Center News®

Vol. 10, No. 24 | The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. | Nov. 19, 1984

Depot buys Bowater for $40 mil.

Gains Dallas-Fort Worth foothold; Bowater bows out after 14 months

By Kenneth Schept

DALLAS — The Home Depot expects to take possession of Bowater Home Centers' nine stores by late this month or early in December, following the Oct. 30 contract signing in which Home Depot agreed to purchase Bowater for $40 million in cash and a convertible subordinated debenture.

The six stores in Dallas, one each in Baton Rouge and Shreveport, La., and another in Mobile, Ala., should be converted to Home Depots in name and format within 90 days, according to Ronald Brill, Home Depot senior vp.

For Home Depot, the pioneer warehouse home center chain now in its fifth year, the Bowater deal was a swift, opportunistic move in which it obtained real estate in one of the industry's most heavily stored markets, Greater Dallas, where the competitors include 17 Handy Dans and 13 Payless Cashways outlets.

Brill also confirmed that Home Depot has broken ground in two Houston locations and owns two more sites in that Texas city.

In contrast, for Bowater the transaction represented the end of a brief, 14-month foray into the warehouse home center business. Some observers interpreted the event as the opening act of the inevitable consolidation of the warehouse

(Continued on page 75)

The competition

Chain	No. of units	Chain	No. of units
Bowater	7*	Boise Cascade	8
Handy Dan	17	Sutherland	5
Payless Cashways	13	84 Lumber	2

*Includes one under construction in Forth Worth

Source: NHCN research

Bowater Home Centers president Ralph Dillon and other top execs mounted a futile, effort to buy the company from parent, Bowater Inc.

Vegas chains slash prices to pary warehouse entry

By Brad Altman
NHCN West Coast editor

LAS VEGAS, Nev. — A price war has broken out in this western market as DIY dealers respond to increasing competition spurred by the arrival of the HomeClub discount warehouse home center.

The battle is reminiscent of what occurred in Phoenix late last year when The Home Depot opened a pair of warehouse outlets there. Its efforts to carve out market share provoked a flurry of advertising promotions.

HomeClub landed in Las Vegas in late May, taking over a 100,000-sq.-ft. ex-Woolco. Its high volume, low margin formula is being aggressively challenged by other DIY dealers not willing to surrender market share without a fight.

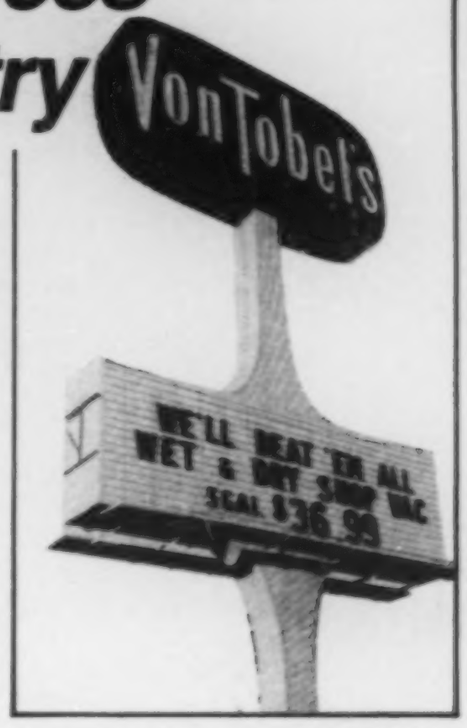
These DIY chains include Pay 'n Save-owned Von Tobel's, with three units in the area; Pay 'N Pak, with one; Ole's Home Centers, three; Payless Cashways, two, and 84 Lumber, two. Salt Lake City-based Samon's DIY Centers operates two stores, Wickes Lumber runs one yard in nearby Henderson and A. C. Houston has a contractor-oriented yard.

According to Sales & Marketing Management 1984 Survey of Buying Power, Las Vegas, which currently has a population of 530,000, ranks 67th nationally in building material and hardware store sales with $169.1 million.

HomeClub president Robert McNulty has said he expects his store to pull some $12 million out of the market during the outlet's first year. Other local retailers, however, don't believe that HomeClub's chunk of the market pie will be that big.

"If HomeClub did $4 million [at its Charleston Boulevard location], I would be surprised," said one competitor. "They

(Continued on page 75)



Von Tobel's, undergoing a sweeping format change, pledges to have the lowest prices in Las Vegas. NHCN photo

Mr. HOW firms sites for 10 more stores

By Phillip M. Perry
NHCN associate editor

MARGATE, Fla. — Mr. HOW Warehouse has signed leases for store sites in 10 new locations, as part of an accelerated drive to create a warehouse home center chain that extends beyond its Florida and Georgia markets, where it currently operates three stores. The new sites include four in Cincinnati, five in Chicago and one in Reynoldsburg, Ohio, a Columbus suburb.

In a separate development, the company has filled its gmm position, vacated in September when Bill Dorf resigned, with Jack Kopkin, who held the same position at Grossman's Warehouse Division, Calif.

When added to the 11 sites for which leases were signed earlier this year, the new locations should bring the company's store count to 24 by next summer, if openings proceed on schedule. The company currently has two stores near Fort Lauderdale, Fla. (Coconut Beach, Plantation), and one in Augusta, Ga. Nine more are expected to open by year's end.

"Our goal is to do $1 billion in sales as fast as we possibly can," said Pat Sher, president of the

(Continued on page 76)

NEWSBREAKS

GRACE WAREHOUSE SET. W. R. Grace's first warehouse store is set for Lynnhaven, Va., near Virginia Beach, in a converted 103,000-sq.-ft. Woolco.

BERG JOINS DEPOT. Bruce Berg has joined The Home Depot as a merchandising vp, from Wickes Lumber where he was vp.

INSIDE:

J. PETER GRACE expects W. R. Grace home centers to bounce back from disappointing third-quarter results ..... **Page 2**
COTTER AND ACE, two of the largest wholesale hardware cooperatives, take steps to make their smaller dealers more competitive. Separate stories 3
WICKES EUROPE is testing its English "concept" stores on the European continent 4
HACIENDA HOME CENTERS prepares to tackle the Albuquerque, N.M., market 15
NATIONAL LUMBER shifts its expansion plans into high gear 18
BUILDERS SQUARE adapts its Sunbelt roots to the Chicago market 43

Sanford Sigoloff: No easy road to success **Page 15**

Debut of HomeClub's sixth outlet last month in San Bernardino, Calif., puts year-old chain en route to $70M sales year. **Page 26**

Britain's DIY retailers **Pages 58-74**

NHCNews Briefs

Industry Update

Wickes closes seven stores

CHICAGO — Wickes Lumber has closed seven stores that were either unprofitable or were shuttered due to lease-related problems, company officials said.

The stores were in Columbus, Ohio; Essexville, Mich.; Paducah, Ky.; Schererville, Ind.; Grand Junction, Colo., and Napa and Mammoth Lakes, Calif.

Wickes Lumber now has 220 stores. This year the chain has opened four new stores in Crystal Beach, Tex., Bullhead City, Ariz., Henderson, Nev., and Roseville, Calif.

Hal Smith fills vp slot at BE

IRVINE, Calif. — Builders Emporium, shaken by several top management departures in recent months, has named Hal Smith to the newly created post of executive vice president.

Hal Smith

Smith, 33, formerly was president and ceo of Homeowners DIY Centers, a five-unit chain based in Gardena, Calif.

Sanford C. Sigoloff, chief executive of Wickes, BE's parent, said that recruiting for the BE president's slot and other vacant executive positions is continuing. He said, however, that because of Smith's "extensive home center background," BE is now considering hiring someone from outside the industry to be its president.

The executive-suite exodus at 59-unit BE began in late July with the early retirement of BE's president, Tony Swies (*NHCN*, Nov. 5). The most recent executive to depart was Don Wichman, vp-marketing & advertising, who resigned Oct. 16.

Homecrafters slates new whses

DENVER — Homecrafters Centers plans to open its fourth warehouse home center here in the southwest suburb of Lakeswood in the spring, and has slated a fifth store opening in an as yet undetermined location for the end of 1985.

It has previously been reported that Homecrafters' third warehouse unit here would open next spring in the southern suburb of Littleton (*NHCN*, Oct. 22). With these and the two stores in Aurora and Westminster it opened earlier this year. Homecrafters will, in effect, encircle metropolitan Denver.

While company chairman Georges Hanzi has previously referred to Denver as "a four store market," Jerry Dick, the company's store manager at the Westminster unit, revealed the chain has already decided on a fifth site, although he declined to identify where it would be.

Dorf: Hello Goodbuys

PHILADELPHIA — Bill Dorf, who recently left Homeowners Warehouse, Margate, Fla., where he was vp-gmm, has just been named senior vp of merchandising for Mr. Goodbuys, the four-store home center chain, based here.

Dorf, 39, told *NHCN* that in his capacity as head of the company's merchandising and advertising staffs, he will develop and broaden the company's hardware, electrical, lighting and paint departments plus hire hardware, lighting and lumber buyers and assistant buyers. This is his "short-term plan to put Mr. Goodbuys on the map as a stronghold in the Northeast," he said.

National Home Center News

Financial News 6
Editorial 8
Washington View 8
People 10
Lumber Report 12
Western Home Center Show Special 15-29
Price Point Survey 32
Calendar 32
Merchandising 33-52
Advertising & Marketing 53-57
International Report: Britain's DIY retailers 58-74
Classified 72-74

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Vol. 10, No. 24 Nov. 19, 1984

Grace touts 1985 recovery after slow third qtr. for home centers

NEW YORK — J. Peter Grace told a group of security analysts last month that 1985 "would be a recovery year" for W. R. Grace's home centers whose sagging performance in the third quarter caused operating income for Grace's Retail Group to drop 43% to $1.6 million.

These results, which were against sales that rose 20.9% to $443.9 million, blemished what otherwise were outstanding sales and earnings gains for the Retail Group over the nine-month period ended Sept. 30, during which revenue rose 16.7% to $1.225 billion, and operating income soared 52.7% to $11.3 million.

Grace told the analyst group on Oct. 18 that "2 out of 4 of our home centers are making money," alluding specifically to its Channel Home Center and Orchard Supply operations.

However, Grace's stores in its Central and Western regions—Handy Dan, Handy City, Houseworks and Angel's —were adversely affected by competitors' more aggressive pricing.

"We had no dominant presence in California," said the company's chairman, a situation he said would change once the company completed the conversion of its Angel's units in the state to Ole's stores. Grace bought the 35-unit Ole's chain, based in Pasadena, Calif., in June. This transitional

(Continued on page 4)

Great Plains Supply in transition; realignment targets large markets

By Ron Gurczynski
NHCN associate editor

ST. PAUL — Great Plains Supply will close an additional 10 stores by the end of fiscal 1985, lowering its total number of DIY lumberyards to 80.

In addition, the $90 million company has realigned its units and top management along retail and contractor lines. The moves are designed to reposition Great Plains Supply into larger markets, while continuing to serve the small farming communities that have been the company's mainstay for the last 21 years.

"While not neglecting the farmers, who make up 30% of our customer base, we are moving away from many of the very small towns," said Jeff Lehmann, Great Plains' newly named director of retailing. "We've found that farmers have become accustomed to traveling distances, to farming trade centers, to buy various goods and services. Our strategy is to locate our lumberyards in larger towns but still serve the same farmers from the small communities."

In August, Lehmann, formerly director of merchandising, and Bob Reisner, former director of operations, were given new responsibilities paralleling the company's dual businesses. Lehmann began directing retail sales and Reisner was named director of contractor sales.

The management and lumberyard realignment came on the heels of a market research study conducted by Harvest States Cooperative, Great Plains' parent. "Harvest looked at each unit's demographics, sales, competitors, and how we did things to come up with a reorganization," added Lehmann.

The Harvest study resulted in the designation of Great Plains' lumberyards as either retail- or contractor-oriented and in the closing of yards in very small communities. Previously, Great Plains had been forced by Harvest to operate lumberyards in communities with as few as 75 or 100 people. All remaining lumberyards, however, will serve both customer groups.

The realignment has brought about gradual shifts in the merchandising and product mix of the lumberyards. For example, in retail yards, Great Plains increased the promotion of retail items; gave products more of a good, better, best orientation, and trained salesmen to sell projects rather than individual items.

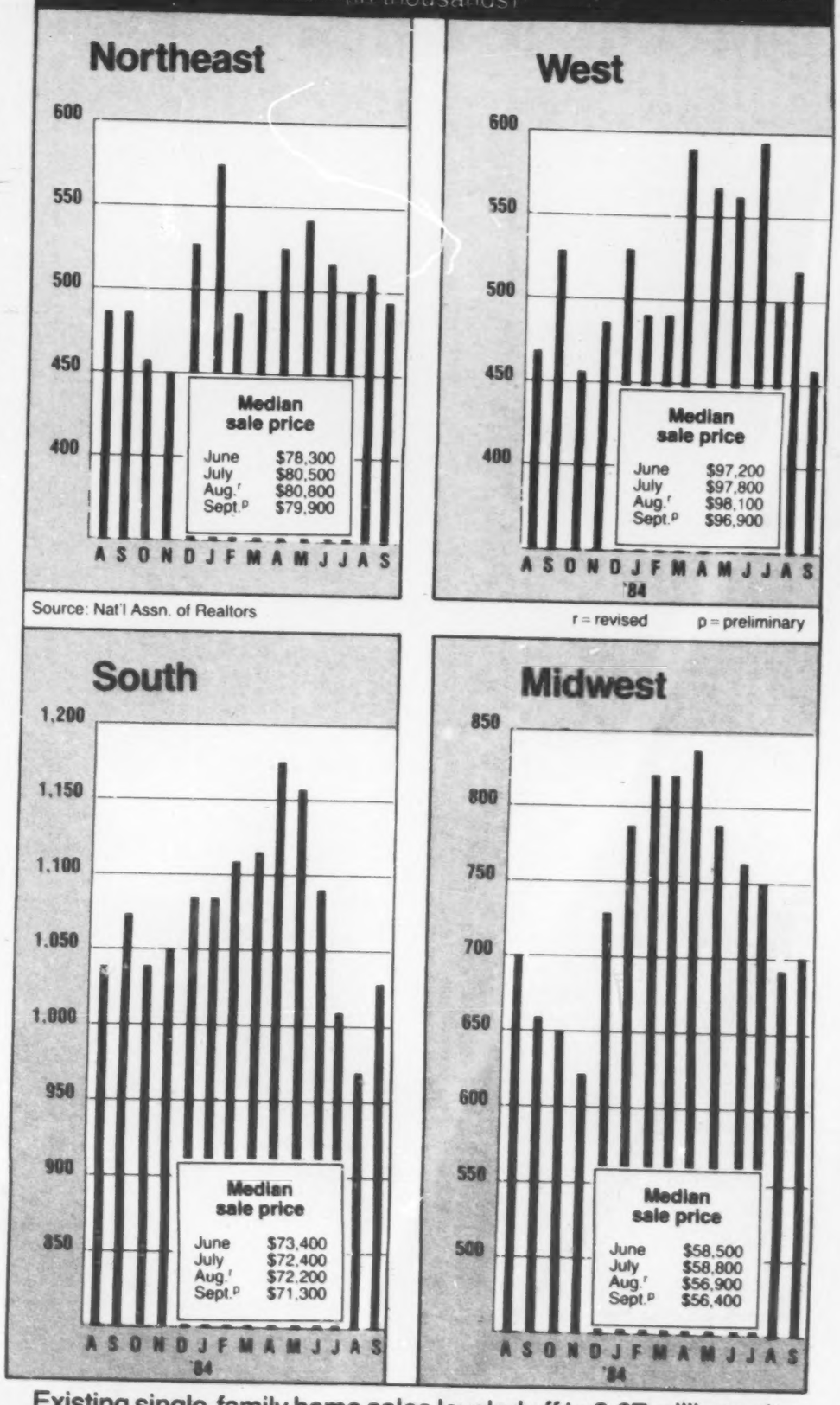
Great Plains' shift toward DIYers began in 1981 when the company decided to renovate its lumberyards to give them a retail focus. By 1983, the company had renovated 40 of its largest lumberyards to small-scale home centers, increasing retail sales as much as 80%. Today, retail sales account for 60% of Great Plains total sales.

The company's thrust into retailing stemmed from declines in the housing and farm markets. Great Plains Supply is owned by Harvest States Cooperative, a 250,000 member farm cooperative organization. Because Great Plains must provide services to co-op members, it had to locate units in farming communities, some of which were very small and could not support a profitable operation. Harvest has been permitting Great Plains to slowly develop strong retail stores in farming trade centers—large rural communities which usually have shipping facilities, farm credit offices, feed mills and farming implement dealers. The firm currently operates a prototype operation of this type in Hutchinson, Minn. The store, which has a 7,000-sq.-ft. sales floor, began operating in March 1982. Lehmann says the prototype has been doing $1.5 million in business over the past year.

Great Plains
© Great Plains Supply Co.

Existing single-family home sales

(in thousands)



Source: Nat'l Assn. of Realtors

r = revised p = preliminary

Existing single-family home sales leveled off to 2.67 million units, seasonally adjusted last month, a decline of just 1.1% from August's revised figure of 2.7 million, according to the National Assn. of Realtors.

The South had a 6.2% increase from August to a seasonally adjusted rate of 1.03 million units, and the Midwest rose by 1.4% to 700,000 units.

The median sales price of an existing single family home dropped $1,100 from August to $72,600, which is normal for the time of year when children return to school and house hunting slows.

SALES & EARNINGS

Company	Period Ended	Current Sales*	Year-Ago Sales*	% Change	Current Earnings*	Year-Ago Earnings*	% Change
Boise Cascade	9/30-3rd qtr.	$ 967,470	$ 905,580	6.8	$32,720	$18,050	81.3
	9/30-9 mos.	2,914,140	2,555,640	14.0	94,120	46,150	103.9
Bowater Inc.	9/30-3rd qtr.	228,052	198,030	15.2	18,202	9,016	101.9
	9/30-9 mos.	695,695	559,356	24.4	42.897	24,794	73.0
Scotty's	9/29-1st qtr.	101,668	95,379	6.6	3,416	3,210	6.4
Wolohan Lumber	9/30-3rd qtr.	41,640	35,122	18.6	1,113	677	64.4
	9/30-9 mos.	103,042	83,937	22.8	1,825	1,138	60.4

*$ in thousands

Source: Company reports

STOCK PRICES

		As of 10/31	52-week High	52-week Low	P/E Ratio
Boise Cascade (NYSE)		40	45	32½	11
Edison Bros. Stores (NYSE) [Handyman, Homer's]		35	43⅜	33⅛	8
Evans Products (NYSE) [Alamo Ent., Grossman's, Moore's, Hubbard & Johnson, Lindsley]		4⅞	13⅜	4¾	—
Forest City (AMEX)	A	20½	21	13¾	—
	B	20⅝	22⅜	13	—
W. R. Grace (NYSE) [Angels, Cashway, Channel, Handy City, Handy Dan, Orchard]		43½	47	36½	11
Home Depot (NYSE)		13⅞	27⅞	12	27
K mart (NYSE)		35⅞	39¼	26¾	9
Lowe's (NYSE)		23	25	16¼	15
Michigan General (AMEX) [Diamond Lumber]		6⅛	10⅞	4⅝	23
Pay 'N Pak (NYSE)		15¾	20	12¾	13
Payless Cashways (NYSE) [Furrow]		15⅝	27	13½	13
Scotty's (NYSE)		14¼	16⅜	11⅜	10
Southwest Forest Industries (NYSE) [Knox Lumber]		15⅝	22½	12¼	—
Standard Brands Paint (NYSE)		18⅞	23¾	16½	11

Nasdaq—over-the-counter stocks

		As of 10/31	52-week High	52-week Low	P/E Ratio
Color Tile		16½	18¼	13⅝	—
Hechinger	A	19¾	24¼	14	—
	B	19¾	24½	14	—
Homecrafters Warehouse		7½	17½	7⅜	—
National Lumber		5	11¾	5	—
Pay 'n Save		22⅞	29¼	14⅜	—

Over-the-counter stocks

	As of 10/31 Bid	As of 10/31 Asked	52-week High (Bid)	52-week Low (Bid)
Erb Lumber	18½	20	25¼	17
Hines Lumber	43¾	44½	44½	28½
Scotts Seaboard [Scott's]	1¼	1⅞	4	1¾
Wolohan Lumber	5⅜	5⅝	6⅞	4

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FINANCIAL NEWS

Strong sales and additional stores boost Scotty's net 6% in first qtr.

WINTER HAVEN, Fla. — Strong September sales and six additional stores opened within the past 12 months have given Scotty's a 6% increase in net income for the firm's first fiscal quarter ended Sept. 29. The upswing came on 7% higher sales for the quarter.

Quarterly net income amounted to $3,416,000 or 26¢ per share on sales of $101.7 million. For 1983's corresponding period, net income was $3,210,000 or 26¢ per share on sales of $95.4 million.

Senior vice president and cfo Harold Taylor commented that builder sales for the first quarter increased 6.8% over 1984 and this increase represented a maturing of the new construction cycle.

Openings planned

In the first fiscal quarter, Scotty's opened two replacement stores bringing the total number of units to 110. Additional new stores are under construction in Jacksonville, Ocala and Spring Hill, Fla.

Lowe's sales up 19% in Sept., continuing record setting pace

NORTH WILKESBORO, N.C. — Lowe's continued its record-setting sales pace in September with a 19% increase over the previous year's figures. The increase came on the heels of a 21% increase in August sales, which reached their highest monthly level in company history. The September sales also set a monthly record.

September sales totaled $135.3 million. Retail sales increased 23% to $71.1 million with professional sales up 15% to $62.2 million, from year-ago figures. Lowe's attributed dry weather as one factor in the professional sales increase.

FOR THE RECORD

Ideal Security buys storm & screen door hardware company

ST. PAUL — As part of its move to diversify its product mix, Ideal Security Hardware has purchased S. B. Manufacturing, based in Milwaukee, which produced the Storm King line of storm and screen door hardware.

Because of strong consumer identity with the Storm King brand name, Ideal will be keeping that name on those products. However, S. B. Manufacturing will be integrated into the new, 238,000-sq.-ft. plant to which Ideal recently relocated here.

Ideal Security Hardware is a subsidiary of EAC Industries Inc., and makes screen door and storm door hardware, security hardware and other builders' products.

Newell Companies complete purchase of Foley-ASC Inc.

FREEPORT, Ill. — The Newell Companies, a manufacturer of a variety of housewares and DIY products including window furnishings and paint sundries, has completed its acquisition of Foley-ASC Inc., a Manitowoc, Wis.-based maker of cookware, bakeware, kitchen tools and gadgets.

The purchase price was not released by the companies.

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LUMBER REPORT

New program aims at increasing southern pine use to 10.5B ft.

NATIONAL REPORT — The Southern Forest Products Assn. has launched a five-year marketing plan aimed at expanding the consumption of southern pine.

Called "You and Wood," the plan, if successful, will increase southern pine production to 10.5 billion board feet in 1989, from 9.6 billion board feet today.

This goal is expected to be accomplished, despite softening new home construction, by emphasizing the use of pine in permanent wood foundations, engineered systems, outdoor living and repair and remodeling and exports.

One-third of the increase in pine consumption is expected to be generated from outdoor living needs and repair and remodeling alone. By 1990, an additional almost 500 million board feet of pine, worth $112 million, should be produced annually, according to the plan.

Home centers are a primary target here, along with other building material dealers. The SFPA plans to assist dealers in packaging and promoting repair and remodeling projects that use pine.

Currently one-third of syp production is treated with preservatives for use in decks and other backyard structures. The SFPA expects that trend to continue.

(Some companies that produce the chemicals used for treating are expected to emphasize to the home builder the selling advantage of offering a deck as standard equipment with a new home.)

The SFPA plans to remodel a New Orleans house next year using syp abundantly and developing feature stories to be carried by various media.

While less directly related to the home center industry, some dealers may also see potential in the SFPA's plans in other areas, like permanent wood foundations.

The use of treated wood in foundations is gaining increasing acceptance among the nation's builders and building codes. By 1990, the SFPA hopes to have added 280 million board feet of syp consumption annually for this purpose.

Manufactured homes are seen as another likely source of increased syp consumption, since those residences, like more typical housing, can be enhanced with a deck or with other patio structure.

And the commercial market is vast. The SFPA will be promoting the use of syp in roof trusses, laminated beams and bridge timbers, for example. Many home centers are looking more closely at the commercial side of the business and, based on information from the SFPA, for good reason.

The group noted that 200,000 bridges on rural and secondary roads are slated for replacement by the U.S. Department of Transportation. This undertaking translates into a syp market of 48 million board feet of laminated wood and 15 million board feet of solid lumber annually.

The group's five-year-program, revealed last month at the SFPA annual meeting, is coordinated with activities of the Wood Products Promotion Council (WPPC), the umbrella group under which various forest product trade associations join in touting the use of wood.

FUTURES

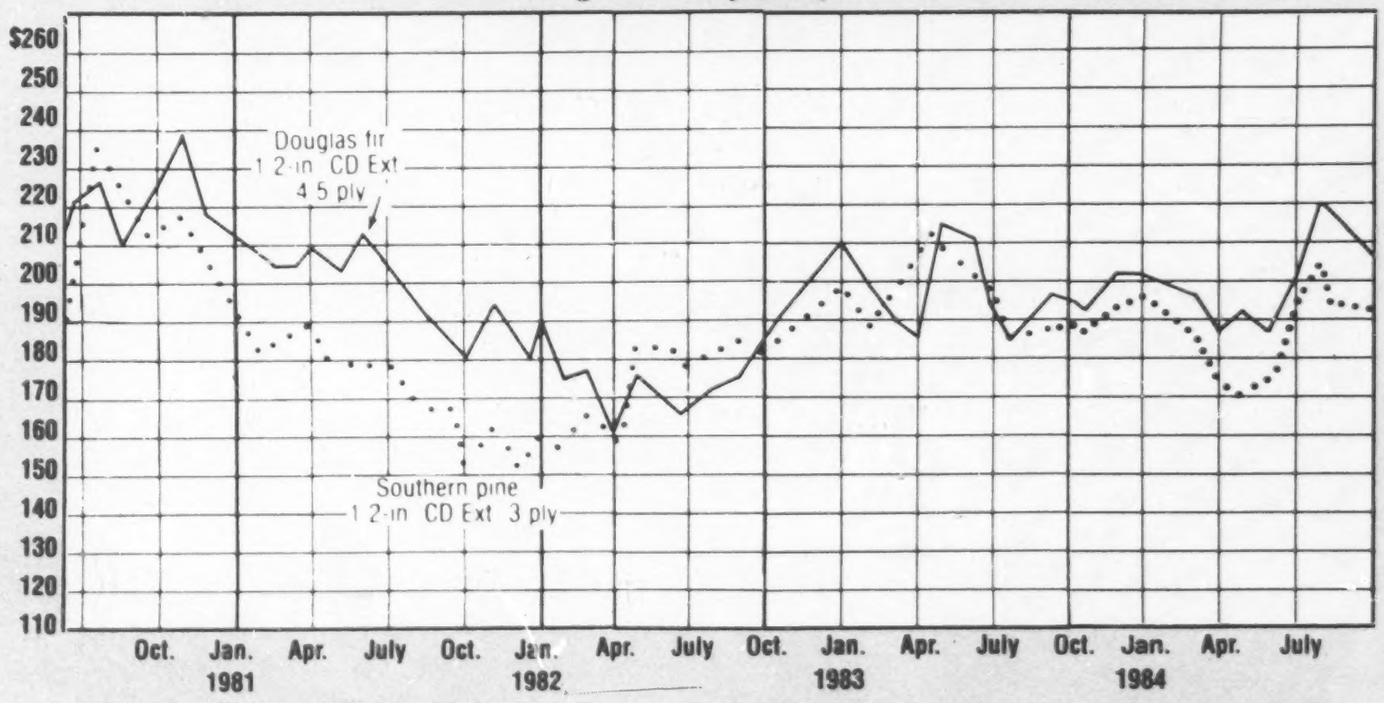
Two weeks ended Oct. 25, 1984

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
Nov. '84	139.80	132.60	135.20	135.50	2,494	229.00	120.30
Jan. '85	153.50	145.60	147.70	147.80	3,472	221.30	130.30
March	164.50	156.50	159.80	158.10	1,526	220.40	139.30
May	171.30	163.80	167.50	164.00	660	225.00	147.00
July	175.90	169.50	174.20	170.20	512	230.50	153.00
Sept.	177.50	172.50	176.10	172.50	322	197.50	157.50
Nov.	176.70	173.10	176.70	173.00	166	186.10	167.30

Total Contract Vol. (Through 10/25): 26,204 — Previous Two Weeks: 16,008
Total Open Interest (As of 10/25): 9,191 — Previous Week: 8,488
Cash Price: $139.16 — Previous Week: $134.26 — Year Ago: $159.74

Commodity close-up: Western & Southern Plywood

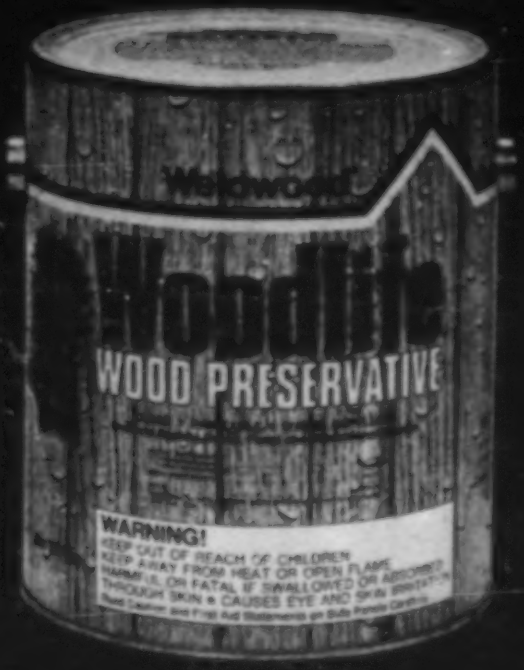
Average monthly mill prices



Plywood prices enjoyed a brief late-summer surge, like the lumber market in general. Lately, however, prices have ebbed.

By last month prices for douglas fir ½ in. CD Ext. 4/5 ply product was $207 per thousand square feet, southern pine ½ in. CD Ext. 3-ply was selling for $193 per thousand square feet.

Source: *Random Lengths*



It Just May Outlive the EPA.

Recently, there's been a lot of talk about wood preservatives, the EPA and what can or cannot be sold to the consumer next year.

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Weldwood

Special international report:

Britain's DIY Retailers

British home centers eye Yankee know-how

Chains seek to boost lumber, building mat'ls

By Elizabeth Brent
NHCN field editor

LONDON — When a customer goes into a home center in Britain today to buy paint, he may buy trays of "solid paint," a thick new formulation designed to be dripless but spreadable.

This unusual innovation suggests a central difference between United States and United Kingdom home centers, where 45% of total sales come from decorating products.

Unlike American home centers, which evolved from the lumber side of the business, United Kingdom home centers emerged from the decorative and hardware side. And, decorating remains the main do-it-yourself activity in a country where half of the housing stock was built before 1944, and one-third before 1918.

In spite of the difference in origins, both American and United Kingdom retailers are looking at each other's traditional specialities for ideas.

American retailers, with an eye on the aging United States housing-stock, wonder whether there isn't something to be learned from the way Europeans run their businesses.

In the United Kingdom, as the do-it-yourselfer becomes more ambitious, home center operators are seeking to increase their lumber and building materials sales and are looking to their American counterparts for guidance.

In both countries the home center market is a highly competitive one, although the United Kingdom market is a relatively small $2.6 billion. The English industry is dominated by a handful of major chains that are constantly taking over smaller companies and trying to secure a niche by developing a specialty. The market leaders are 148-unit, B & Q, and Texas Homecare with 134 units.

"We already have competition wherever we are," said Malcolm Parkinson, marketing director of B & Q. "And on our home ground [Southampton], all the leading companies are there—Texas, Homebase and Wickes."

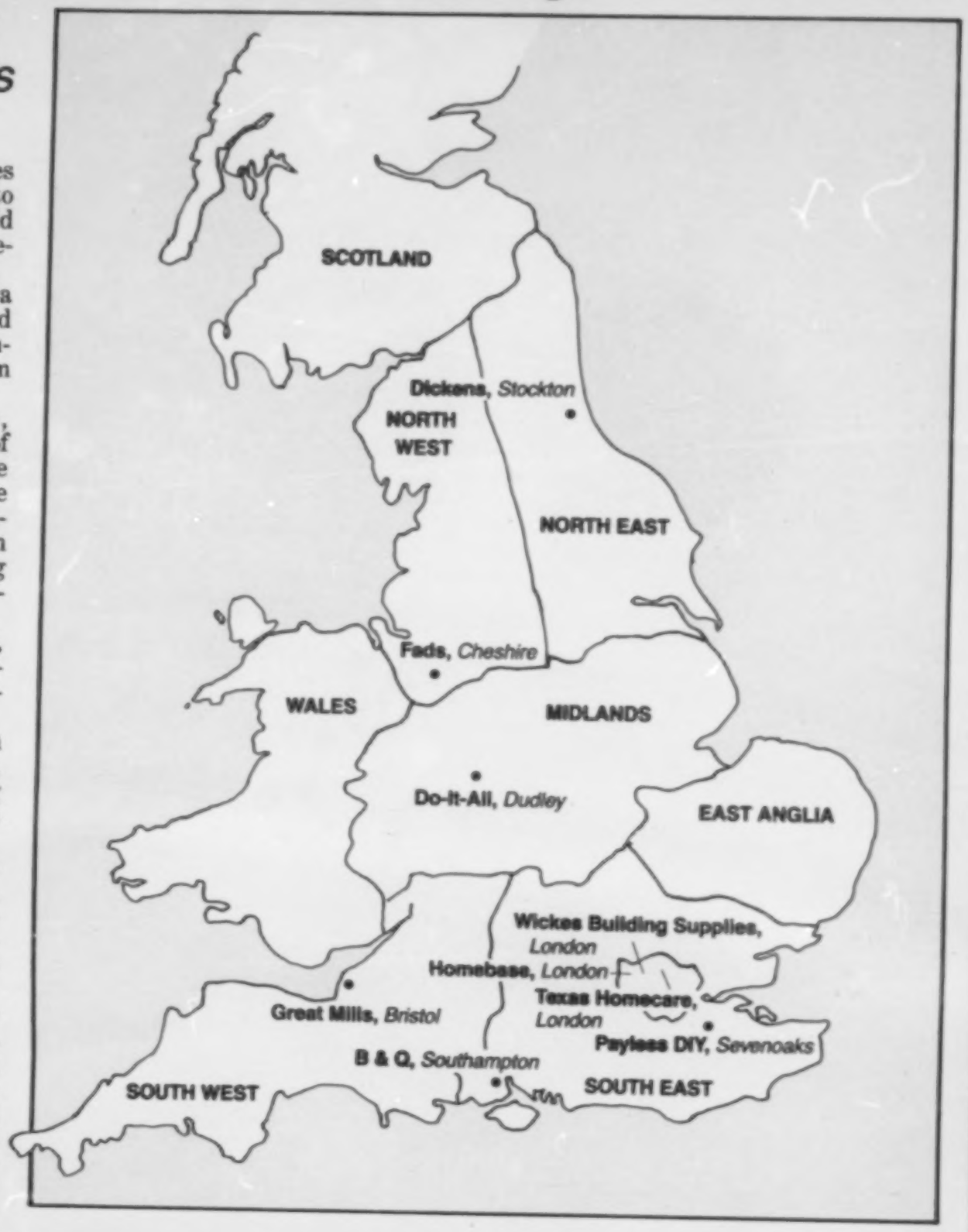
Traditionally, dealers called builders' merchants have been the source of lumber and building materials in England. Until recently they have been geared to the pro trade. However, recently they have opened their doors to the consumer, widened their product mix and are beginning to advertise and remodel their stores.

Additionally, the leading chains are also being challenged by aggressive non-DIY retailers who are entering the field attracted by the higher margins, averaging 30%, and the stability of the home improvement market.

An important new challenger, Homebase, 75% of which is owned by a major supermarket chain, has chosen to open build-to-suit stores. It expanded rapidly from two units in 1982 to its current 20. In an attempt to give a warehouse-type image, it has concrete floors, 8½-ft.-high gondolas and bold, green signage.

But, with a Laura Ashley concession in every store—an up-market dress and decor retailer—the image is confusing.

Another non-DIY retailer has had to cut back to 40 units after making some early mistakes. Do-It-All, which operates 5-and-10 type stores throughout the United Kingdom, entered the home center industry in 1979. It attempted to provide a uniform and pleasing image, but customers saw it as a high-priced store and its average unit sales were only around $1 million. The company is consolidating and sold five stores to B & Q this year.



Unlike American home centers, which evolved from the lumber side of the business, United Kingdom home centers emerged from the decorative and hardware side.

No. of DIY and Home Improvement Outlets in the United Kingdom

	1984 estimate
DIY Wallpaper and paint stores	
Chains	2,000
Independents	7,500
Hardware stores	
Chains	500
Independents	9,000
Stores selling self-assembly furniture	2,000
Grocery supermarkets, superstores & hypermarkets*	1,000
Department stores	800
Variety stores	1,000
Builders merchants	5,000
TOTAL	28,800

*hypermarkets: stores with over 25,000 sq. ft.
**Builders merchants: dealers in lumber and building materials directed mainly toward the professional
Source: Euromonitor

Major companies in United Kingdom's home center industry

Company	1983 sales (in millions)	1984 unit count
B & Q (Retail)	$256.0	148
Texas Homecare	176.8	134
Payless DIY	97.5	59
Fads	71.5	212
Wickes Building Supplies	66.3*	20
Do-It-All	49.4	40
Great Mills DIY Super	39.9*	35
Dickens	22.0	3
Homebase	17.0	18

*estimate
Source: Management Horizons; *National Home Center News*

Although the British home center market is dominated by a few major chains (top chart) that are constantly taking over smaller companies, there is still room in this $2.6 billion market for the convenient local hardware store and the independent.

One United Kingdom home center that has successfully countered its customers' perception of high prices and limited goods is 59-unit Payless DIY, which, following a name-change in 1982 and conversion to a warehouse format, had a 36% increase in sales by 1983.

It calls itself the "home for building materials," has increased its stock keeping units from 13,000 to 24,000, reverted to a low-overhead look, introducing cantilever racking. Payless DIY offers an impressive array of lumber that now comprises 30% of its total sales.

As the United Kingdom do-it-yourselfer becomes more adventurous, several other home centers are looking at possible ways to improve their lumber and building materials departments.

B & Q, which does only 8% of its total sales volume in lumber, compared with its company policy of 17% sales from each department, "will be trying to increase lumber volume to 12% next year through better pricing and display," said Parkinson.

Wickes Building Supplies is a United Kingdom home center company that has successfully overcome the problem of dealing with lumber and building materials and, in fact, specializes in those products. The company now enjoys the highest sales per unit, and per square foot of any English home center chain. Wickes has done this through unique racking and mechanical handling, along with new product development.

While United Kingdom home center operators may sometimes look to the United States for help in merchandising lumber and building materials, there are certain merchandising approaches that are more characteristically English.

The high cost of materials like lumber and bottled beer influence the product mix in home centers, for example. Because much of England's lumber is imported and expensive, there are a variety of wood-substitutes in the "lumber department," like chipboard covered with wood veneer, which is commonly used for shelving, cabinets and doors. The high price of bottled beer has encouraged the DIYers to tackle home brewing and B & Q is, in fact, the third leading seller of beer brewing kits in the country.

United Kingdom home centers also stock a wide variety of RTA furniture and kitchens on which margins are high. Texas is targeted toward the customer remodeling kitchens and bathrooms and has large displays of furniture.

By tradition, the English love their gardens, so it is no surprise that lawn and garden centers are another growth area. B & Q now features 73 outdoor centers and stocks over 8,000 sku's. Wood decks are absent from the English backyard, however, due to the high cost of lumber and the dampness of the United Kingdom's climate, so that paving stones, decorative bricks and cement are the main building materials sold in garden centers.

Also specific to England are certain Government influences that affect home centers. Planning restrictions in England can control what home centers sell, thereby protecting the small retailer. One operation, for example, was not allowed to sell carpet, fresh flowers or auto-accessories because nearby outlets offered those goods.

The Government also exerts a more positive influence on the industry, however, through the United Kingdom's system of home improvement loans. Wickes has taken advantage of this in its development of new products like loose-fill attic insulation. Customers tackling such a project can be reimbursed for part of the cost by their local government.

Builders' merchants will be seriously affected by the introduction last June of a value-added tax on alterations done by professionals. This may well encourage home improvers to tackle major alterations themselves to avoid paying the extra tax.